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THE CONTRA CONNECTION MAY GO BACK AS FAR AS 1979

By Jerry Meldon
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The discovery of arms sales to Iran via Israel constitutes just the latest law-bending financial pipeline to Nicaragua's contras. It may not be the last - or the most disturbing.

Long before the revelation of aid to the contras without congressional knowledge, a network of former intelligence officers:

- Began extralegal operations in 1979 in support of deposed Nicaraguan dictator Anastasio Somoza, before Ronald Reagan was elected.

- The group included rogue CIA agent Edwin Wilson, before his arrest and conviction for arming and training Libyan terrorists.

- It financed its activities by trafficking in narcotics.

This information was made available this week by the Washington-based lawyer, Daniel Sheehan. Sheehan represents correspondents for National Public Radio and Canadian Broadcasting in a \$24 million racketeering and damages suit filed earlier this year against a 30-man ring based in Miami. It was during his pre-trial investigation that Sheehan shed light on the illicit operations of the contra supply network.

Named in the suit are ex-CIA officials Theodore Shackley (former No. 2 man in the dirty tricks division until his resignation in 1979) and Thomas Clines and Maj. Gen. John Singlaub (ret.) - all members of the contra supply network recruited by Lt. Col. Oliver North; and Adolfo Calero, head of the largest contra force.

The two journalists, injured in a suspicious bombing in Costa Rica, accuse Shackley and company of financing the contras with cocaine and hiring a Libyan national to murder the US ambassador to Costa Rica and make it appear to be the work of the Sandinistas. The assassination plan fizzled.

The suit is pending, and Sheehan has tracked down witnesses to the network's shadowy activities - particularly those of CIA agents Shackley, Clines and Wilson, and Maj. Gen. Richard Secord.

Sheehan has traced the network's arming of Nicaraguan counterrevolutionaries to as early as 1979. Congress had just passed the Harkin Amendment, banning US military assistance to Nicaraguan dictator Somoza, who was about to be deposed by the Sandinistas.

According to Sheehan's sources, Shackley and company then began funneling aid to Somoza via Israel and Egyptian American Transport Services, Inc., or EATSCO - a shipping company Wilson and Clines had set up to cash in on delivery of \$4 billion worth of armaments that Egypt would receive in accordance with the Camp David peace accords. The Air Force International programs office - then managed by Richard Secord - ultimately awarded EATSCO a \$71 million contract to ship materiel to Egypt.

Between August 1979, when Somoza fled Nicaragua, and January 1981, when Ronald Reagan took over the White House, the network reportedly outfitted the remnants of Somoza's secret police, the core of the contras based in Honduras. By mid-1981, the Reagan doctrine was off and running, and the CIA officially assumed control. The agency would remain in charge of the contras until 1984, when the Boland Amendment would again ban CIA and military involvement.

By this time, Secord had resigned from the Air Force - where he had become deputy assistant secretary of defense - in the wake of Edwin Wilson's arrest for illegal arms deals and allegations of a government witness (later sued by Secord successfully) that Secord had profited from them. Shackley and Clines had resigned from the CIA earlier, while the Justice Department was still assembling its case against Wilson.

This did not stop Lt. Col. North of the National Security Council from turning to Secord and, through him, according to Sheehan, to Shackley and Clines - to again circumvent a congressional ban on funding the contras in 1984.

Through the Geneva-based Credit Fiduciaire Service - the same bank in which the millions from the Iranian arms deals were later deposited - and its subsidiary, CFS Investments Ltd. of the Cayman Islands, Shackley, Clines and Secord reportedly reopened their pipeline to the contras.

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